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BEFORE THE ARIZONA POWER PLANT AND  
TRANSMISSION LINE SITING COMMITTEE

IN THE MATTER OF THE APPLICATION OF )  
BOWIE POWER STATION, LLC, IN )  
CONFORMANCE WITH THE REQUIREMENTS )  
OF ARIZONA REVISED STATUTES 40-360.03 )  
AND 40-360.06, FOR TWO CERTIFICATES OF )  
ENVIRONMENTAL COMPATIBILITY )  
AUTHORIZING CONSTRUCTION OF A )  
NOMINAL 1,000 MEGAWATT NATURAL )  
GAS-FIRED, COMBINED-CYCLE POWER )  
PLANT, 345KV and 345KV/230KV )  
SWITCHYARDS, 345KV DOUBLE-CIRCUIT )  
TRANSMISSION LINE AND 230KV )  
INTERCONNECTION AND RELATED )  
FACILITIES IN COCHISE AND GRAHAM )  
COUNTIES, ARIZONA. THE PROPOSED )  
POWER STATION SITE IS LOCATED IN )  
SECTIONS 28 AND 29, TOWNSHIP 12 SOUTH, )  
RANGE 28 EAST, AND THE PROPOSED )  
TRANSMISSION LINE ROUTE IS LOCATED IN )  
TOWNSHIP 12 SOUTH, RANGE 28 EAST, )  
TOWNSHIP 11 SOUTH, RANGE 28 EAST, )  
TOWNSHIP 11 SOUTH, RANGE 27 EAST, AND )  
TOWNSHIP 11 SOUTH, RANGE 26 EAST, GILA )  
AND SALT RIVER BASE AND MERIDIAN. )

DOCKET NO. L00000BB-01-0118

(Case No. 118)

NOTICE OF FILING DECISION  
(POWER PLANT)

AZ CORP COMMISSION  
DOCUMENT CONTROL

2002 JAN -3 P 1:56

RECEIVED

The Arizona Power Plant and Transmission Line Siting Committee hereby gives notice of filing its decision and order, approving the application of BOWIE POWER STATION, LLC, for a Certificate of Environmental Compatibility relating to its Power Plant.

The Decision and Order are in the form attached hereto.

Dated this 3<sup>RD</sup> day of January, 2002.

ARIZONA POWER PLANT AND  
TRANSMISSION LINE SITING  
COMMITTEE

Arizona Corporation Commission

DOCKETED

JAN 03 2002

DOCKETED BY

By:

Laurie A. Woodall  
Chairman

1 Pursuant to A.A.C. R14-3-204,  
the original and twenty-five copies of this Notice were  
2 filed this 3 day of JAN., 2002 with:

3 Arizona Corporation Commission  
Docket Control  
4 1200 West Washington  
Phoenix AZ 85007

5 COPIES of the foregoing Notice  
6 mailed/hand-delivered this  
7 3 day of JAN., 2002 to:

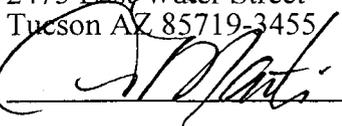
8 Lawrence V. Robertson, Jr., Esq.  
Munger Chadwick, PLC  
National Bank Plaza  
9 333 North Wilmot, Suite 300  
Tucson AZ 85711

10 Jonathan Bruser  
11 Tom C. Wray, Transmission & Resources Mgr.  
Southwestern Power Group II, LLC  
12 4350 E. Camelback Road, Suite B-175  
Phoenix AZ 85018

13 Larry D. Rains, City Manager  
14 Office of the City Manager  
City of Willcox  
15 101 South Railroad Avenue, Suite B  
Willcox AZ 85643

16 Matthew H. Bilsbarrow, RPA  
17 Compliance Specialist/Archaeologist  
State Historic Preservation Office  
18 Arizona State Parks  
1300 West Washington  
19 Phoenix AZ 85007

20 Wayne Bryant  
21 United Assoc. of Plumbers and  
Steamfitters Local 741  
22 2475 East Water Street  
Tucson AZ 85719-3455

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1	Mark McWhirter	Designee for Director of Energy Office of Arizona Department of Commerce
2	Patrick Schiffer	Designee for Director of Arizona Department of Water Resources
3		
4	Richard Tobin	Designee for Director of Arizona Department of Environmental Quality
5	Jeff McGuire	Appointed Member
6	Mike Palmer	Appointed Member
7	A. Wayne Smith	Appointed Member
8	Sandie Smith	Appointed Member
9	Margaret Trujillo	Appointed Member
10	Mike Whalen	Appointed Member
11		

12 The Applicant was represented by Lawrence V. Robertson, Jr. The Arizona Corporation  
 13 Commission ("Commission") staff was represented by Jason D. Gellman. Wayne Bryant appeared on  
 14 his own behalf as an individual intervenor.

15 At the conclusion of the public hearings, after consideration of (i) the Application and the  
 16 evidence presented during the public hearings, (ii) the closing arguments of the parties, and (iii) the  
 17 legal requirements of Arizona Revised Statutes §40-360 through §40-360.13 and A.A.C. R14-3-213,  
 18 upon motion duly made and seconded, by a 9-1 vote the Committee voted to grant the Applicant the  
 19 following Certificate.

20 Applicant is hereby granted a Certificate to site and construct the following facilities ("Project"):

21 A natural gas fired, combined cycle electric generating plant with an  
 22 operating capability not to exceed a nominal site rating of 1000  
 23 megawatts (MW). The facilities shall consist of up to two (2) power  
 24 blocks, each rated up to 500 MW nominal. Each power block shall  
 25 consist of (i) two combustion turbine generators (CTG), (ii) two heat  
 26 recovery steam generators (HRSG) and (iii) one steam turbine electric  
 27 generator. The plant design may also incorporate supplementary or  
 28 duct-firing of the HRSG for a given power block. The duct-firing  
 design would be incorporated in the HRSG's. The power plant and  
 supporting infrastructure shall be located in Section 28 and a portion of  
 Section 29, Township 12 South, Range 28 East, G&SRB&M.

As testified to by the Applicant during the public hearings, electric power and energy produced  
 at the Bowie Power Station are intended primarily to serve Southeastern Arizona markets. The

1 supporting power plant infrastructure shall include (i) an air pollution control system, (ii) water handling  
2 and treatment facilities, (iii) fuel system, (iv) instrumentation and control system, (v) switchyard and  
3 electrical interconnection(s), (vi) chemical and petroleum product storage facilities, (vii) vehicular  
4 access facilities, (viii) evaporation ponds, and (ix) other site improvements. Each of these infrastructure  
5 components is described in some detail in the Application.

6 In connection with the design and construction of Project facilities, Applicant shall use low  
7 profile structures, moderate stacks, neutral colors, compatible landscaping and low intensity directed  
8 lighting for the power plant. The transmission facilities shall include the use of non-reflective  
9 conductors and towers. In addition, Applicant shall use a zero discharge system for cooling water,  
10 subject to existing regulatory requirements. Further, Applicant shall operate the evaporation ponds so  
11 that any salt residue(s) contained therein shall not cause damage to crops grown on fields adjacent to  
12 the Project site.

13 This Certificate is further granted upon the following conditions.

- 14 1. Applicant shall comply with all existing applicable air and water pollution control  
15 standards and regulations, and with all existing applicable ordinances, master plans and  
16 regulations of the State of Arizona, Cochise County and Graham County, the United  
17 States of America, and any other governmental entities having jurisdiction, including but  
18 not limited to the following:
- 19 A. all applicable zoning stipulations and conditions, including but not limited to  
20 landscaping and dust control requirements and/or approvals;
  - 21 B. all applicable air quality control standards, approvals, permit conditions and  
22 requirements of the Arizona Department of Environmental Quality ("ADEQ")  
23 and/or other State of Arizona or Federal agencies having jurisdiction, and  
24 Applicant shall install and operate selective catalytic reduction at the level  
25 determined by ADEQ.
  - 26 C. all applicable water use and conservation requirements of the Arizona  
27 Department of Water Resources ("ADWR").
  - 28 D. all applicable water use and discharge requirements of ADEQ.

1 E. all applicable noise control standards, and during normal operations the project  
2 shall not exceed applicable (i) HUD or EPA residential noise guidelines or (ii)  
3 OSHA worker safety noise standards; and

4 F. all applicable regulations and permits governing storage and handling of  
5 chemical and petroleum products;

6 In connection with approvals of or permits for Project facilities to be issued by Cochise County or  
7 Graham County, Applicant shall attach a copy of this Decision and Certificate to any applications or  
8 requests it submits to such counties. A courtesy copy will also be provided to the community of Bowie  
9 and the City of Willcox.

10 2. In anticipation of the impact of the Project upon the demand for local services, and prior  
11 to the commencement of construction, Applicant shall do the following:

12 A. Donate to the Bowie Fire District ("Fire District") as a capital outlay to enable  
13 it to acquire, through purchase or lease, an additional emergency services  
14 vehicle, with the manner of acquisition to be determined by the Fire District. In  
15 addition, funds will be provided to assist the Fire District to train its personnel  
16 and/or volunteers in emergency response and the handling of hazardous  
17 materials.

18 B. Donate to the Bowie School District ("School District") such additional  
19 classrooms and portable classrooms, together with related utility hook-ups, in  
20 the event the Superintendent of the School District concludes that formally  
21 adopted student-teacher ratios will be exceeded by reason of the construction  
22 of Project facilities.

23 C. Make arrangements with high schools in the Bowie and Willcox area to support  
24 science and vocational academic and training programs.

25 D. Make arrangements that state and local employment agencies be consulted in  
26 connection with the hiring of employees for the construction and operation of  
27 Project facilities.  
28

1 E. Make arrangements with Cochise County to address and resolve traffic control  
2 problems and concerns, including consideration of paving roads, adding traffic  
3 lights and/or staggering Project construction work shift changes.

4 3. In connection with the engineering, design, construction, operation and maintenance of  
5 the Project facilities, Applicant and its consultants and contractors shall apply  
6 recognized and accepted geotechnical engineering and civil engineering standards and  
7 practices. In addition, Applicant shall implement the Ground Subsidence and Earth  
8 Fissure Monitoring Program agreed to between Applicant and the Arizona Department  
9 of Water Resources, which was received into evidence as Exhibit No. A-11, and as  
10 amended by Exhibit No. A-20.

11 A. In the event of the occurrence of an "alert condition," as defined in the  
12 Monitoring Program, Applicant, ADWR, Cochise County and the United States  
13 Geological Survey ("USGS") shall confer as to the investigative and/or  
14 mitigation program(s), if any, to be undertaken in response to such "alert  
15 condition." In the event Applicant, ADWR, Cochise County and USGS are  
16 unable to agree as to the program(s) or course(s) of action to be undertaken,  
17 Applicant shall refer the matter to the Commission for a hearing and decision  
18 to determine the investigative and/or mitigation programs, if any, to be  
19 undertaken in response to such "alert condition."

20 B. Commencing with the fifth year of commercial operation of the initial power  
21 block of the Project, Applicant shall annually contribute One Hundred Thousand  
22 Dollars (\$100,000) to a Subsidence Mitigation Fund ("Fund") to be established  
23 and maintained by Applicant at a national or state-chartered bank. Such  
24 contribution obligation shall be suspended whenever the balance in the Fund  
25 reaches the principal amount of Five Hundred Thousand Dollars (\$500,000).  
26 Interest earned on the Fund shall belong to Applicant.

27 C. Persons claiming property damage as a result of ground subsidence allegedly  
28 directly attributable to Project operation may submit a claim for mitigation

1 payment to Applicant. Applicant shall investigate the circumstances  
2 surrounding the claim and make a determination, if possible, as to the cause of  
3 the claimant's alleged property damage. If it is determined that the damage in  
4 question has been caused by Project operations, funds shall be disbursed from  
5 the Fund to compensate claimant for the amount of damage determined to be  
6 directly attributable to the Project. If the cause or amount of the alleged damage  
7 is in dispute, Applicant agrees to submit the matter to binding arbitration with  
8 the American Arbitration Association, if the person claiming damage agrees.

9 D. The Subsidence Mitigation Fund account shall be maintained for three (3) years  
10 after the end of the Project's economic life, as determined by Applicant. Once  
11 the three (3) year period has passed, the account shall be closed, and any  
12 remaining funds shall be disbursed back to Applicant.

13 4. Applicant shall prepare a plan for shutdown, decommissioning and cleanup of the plant  
14 site that shall be filed with the Commission's Docket Control section within one year  
15 of beginning construction. Such plan shall provide for a return of the power plant site  
16 to original pre-construction grade elevation. In that regard, the Committee  
17 recommends that Applicant work with Cochise County and/or any other local governing  
18 body with jurisdiction over the plant site to ensure that such plan is reasonable, and is  
19 followed or amended as needed.

20 5. Applicant, its affiliates, successors and assignees may withdraw groundwater for  
21 electrical generation and related uses, to include but not limited to landscape  
22 maintenance, in an amount not to exceed 55,000 acre-feet per ten-year period as  
23 determined by using a ten-year rolling average commencing on the date the Bowie  
24 Power Station first begins withdrawing groundwater in connection with the Project;  
25 provided, however, Applicant's withdrawal in any given year shall not exceed 6,000  
26 acre-feet.

27 6. Applicant's plant interconnection must satisfy the Western Systems Coordinating  
28 Council's ("WSCC") single contingency outage criteria (N-1) and all applicable local

1 utility planning criteria without reliance on remedial action such as reducing generator  
2 output, generator unit tripping or load shedding.

- 3 7. Prior to construction of any facilities, Applicant must provide the Commission with  
4 technical study evidence that sufficient transmission capacity exists to accommodate the  
5 full output of the plant and that the full output of the plant shall not compromise the  
6 reliable operation of the interconnected transmission system. The technical studies shall  
7 include a power flow and stability analysis report showing the effect of the plant on the  
8 existing Arizona electric transmission system. The technical study report(s) shall  
9 document both physical flow capability as well as contractual schedule capability to  
10 deliver full plant output to its intended market. In addition, Applicant must provide the  
11 Commission with updates to the information required in this condition not more than  
12 one year and not less than three months prior to commercial operation of the plant.  
13 Prior to commencing operation of a given power block, transmission facilities  
14 improvements necessary to deliver the full output of that power block to intended  
15 markets, as identified in the aforesaid technical studies, shall have been completed.
- 16 8. Applicant shall become and remain a member of the WSCC, or its successor, and file  
17 an executed copy of its WSCC Reliability Management System ("RMS") Generator  
18 Agreement with the Commission. Membership by an affiliate of Applicant satisfies this  
19 condition only if Applicant is bound by the affiliate's WSCC membership.
- 20 9. Applicant shall apply to become, and if accepted, thereafter remain a member of the  
21 Southwest Reserve Sharing Group or its successor, thereby making its units available  
22 for reserve sharing purposes, subject to competitive pricing.
- 23 10. Applicant shall continue to participate in good faith in state and regional transmission  
24 study forums to identify and encourage expedient implementation of transmission  
25 enhancements, including transmission cost participation as appropriate, to reliably  
26 deliver power from the Project throughout the WSCC grid in a reliable manner.
- 27 11. Applicant shall first offer wholesale power purchase opportunities to credit-worthy  
28 Arizona load-serving entities and to credit-worthy marketers providing service to those  
Arizona load-serving entities.

1 12. Applicant shall offer for Ancillary Services, in order to comply with WSCC RMS  
2 requirements, a total of up to 10% of its total plant capacity to (A) the local Control  
3 Area with which it is interconnected and (B) Arizona's regional ancillary service  
4 market, (i) once a Regional Transmission Organization (RTO) is declared operational  
5 by FERC order, and (ii) until such time that an RTO is so declared, to a regional reserve  
6 sharing pool.

7 13. Pursuant to applicable Federal Energy Regulatory Commission ("FERC"), regulations,  
8 Applicant shall not knowingly withhold its capacity from the market for reasons other  
9 than a forced outage or pre-announced planned outage.

10 14. Within 30 days of the Commission decision authorizing construction of the Project,  
11 Applicant shall erect and maintain at the site a sign of not less than 4 feet by 8 feet  
12 dimensions, advising:

- 13 A. that the site has been approved for the construction of a 1000 megawatt  
14 (nominal) generating facility;  
15 B. the expected date of completion of the Project; and  
16 C. phone number for public information regarding the Project.

17 In the event that Applicant requests an extension of the term of the Certificate prior to  
18 completion of the construction, Applicant shall use reasonable means to directly notify all landowners  
19 and residents within one-mile radius of the Project of the time and place of the proceeding in which  
20 the Commission shall consider such request for extension. Applicant shall also provide notice of such  
21 extension to Cochise County, Graham County, the community of Bowie and the City of Willcox.

22 15. Applicant shall pursue all necessary steps to ensure a reliable supply and delivery of  
23 natural gas for the generating facility.

24 16. In connection with the construction of the Project, Applicant shall use commercially  
25 reasonable efforts, where feasible, to give due consideration to use of qualified Arizona  
26 contractors. In addition, Applicant shall encourage the hiring of qualified local  
27 employees in connection with construction and operation of the Project facilities.  
28

1 17. Applicant shall participate in good faith in state and regional workshops and other  
2 assessments of the interstate gas and pipeline infrastructure.

3 18. Within five days of Commission approval of this CEC, Applicant shall request in writing  
4 that El Paso Natural Gas Company ("El Paso") provide Applicant with a written report  
5 describing the operational integrity of El Paso's Southern System facilities through the  
6 Bowie and San Simon areas. Such request shall include:

7 A. a request for information regarding inspection, replacement and/or repairs  
8 performed on this segment of El Paso's pipeline facilities since 1996 and those  
9 planned through 2006; and

10 B. an assessment of subsidence impacts on the integrity of this segment of pipeline  
11 over its full cycle, together with any mitigation steps taken to date or planned  
12 in the future.

13 Applicant shall file El Paso's response under this docket with the Commission's Docket  
14 Control. Should El Paso not respond within thirty (30) days, Applicant shall docket a copy of  
15 Applicant's request with an advisory of El Paso's failure to respond. In either event, Applicant's  
16 responsibility hereunder shall terminate once it has filed El Paso's response or Applicant's advisory of  
17 El Paso's failure to respond.

18 19. In conjunction with its construction of the Project facilities, Applicant shall implement  
19 the Landscape Plan set forth at Exhibit B-2 to the Application [Ex. #A-1].

20 20. Applicant shall work with the United States Fish and Wildlife Service and the Arizona  
21 Game and Fish Department to develop screening or other methods to protect wildlife  
22 from harm at the Project's evaporation ponds. In addition, Applicant shall transmit  
23 copies of its Aquifer Protection Permit application concurrent with the filing of same  
24 to the United States Fish and Wildlife Service and the Arizona Game and Fish  
25 Department.

26 21. Applicant shall utilize in the design, construction and operation of the second 500 MW  
27 power block, solar technology for inlet cooling of both combustion turbines. Applicant  
28 shall select such technology based on, but not limited to, Applicant's evaluation of initial  
installed cost, operating cost, and proven performance of the technology itself.

1 Applicant shall be released from any responsibility to revegetate land associated with  
2 installation and operation of the solar application contemplated by this condition.

- 3 22. This authorization to site and construct the Project facilities shall expire five (5) years  
4 from the date the Certificate is approved by the Commission unless construction is  
5 completed and the plant is in operation. If construction on a power block has not begun  
6 before expiration of the five-year limit, Applicant shall no longer be authorized to begin  
7 construction on such power block. However, before such expiration Applicant may  
8 request that the Commission extend this time limitation.

9 GRANTED this 3<sup>RD</sup> day of January, 2002.

10  
11 Arizona Power Plant and Transmission Line  
Siting Committee

12 By: Laurel A. Woodall  
13 Laurel A. Woodall, Chair

14 Decision No. \_\_\_\_\_

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1 APPROVED BY ORDER OF THE ARIZONA CORPORATION COMMISSION

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3 \_\_\_\_\_  
4 Commissioner Commissioner Commissioner

5 In Witness Hereof, I, Brian C. McNeil, Executive Secretary of the Arizona Corporation  
6 Commission, set my hand and cause the official seal of this Commission to be affixed, this \_\_\_\_  
7 day of \_\_\_\_\_, 2002.

8 By \_\_\_\_\_  
9 Brian C. McNeil  
10 Executive Secretary

11  
12 Dissent: \_\_\_\_\_

13  
14 219037.1